

Message Text

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PAGE 01 STATE 040657

71

ORIGIN PM-04

INFO OCT-01 ARA-06 ISO-00 L-03 AID-05 IGA-02 MC-02 DODE-00

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FM SECSTATE WASHDC

TO AMEMBASSY MONTEVIDEO IMMEDIATE

C O N F I D E N T I A L STATE 040657

E.O. 11652: GDS

TAGS: MASS, UY

SUBJECT: FY 77 MILITARY SECURITY ASSISTANCE

REF: MVD 589, STATE 36160

1. ALTHOUGH DEPARTMENT REQUESTED TOTAL US \$4.6 MILLION
FY 77 MAP-M FOR LATIN AMERICA, PRESIDENT'S JANUARY 7 DE-
CISION AUTHORIZING ONLY TOTAL US \$3 MILLION FOR FY 77 MAP-M
FOR LATIN AMERICA REQUIRED DEPARTMENT TO APPRECIABLY RE-
DUCE FY 77 MAP-M LEVELS IN PARAGUAY AND URUGUAY FROM THOSE
LEVELS ESTABLISHED BY THE IG LAST FALL (\$700,000 INCLUDING
SUPPLY OPS IN THE CASE OF URUGUAY). LEVELS FOR BOLIVIA AND
PANAMA ARE IRREDUCIBLE; FY 77 MAP-M LEVEL FOR BOLIVIA IS
NECESSARY TO COMPLETE OUR COMMITMENT TO EQUIP FIVE MOBILE
REGIMENTS AND TO TERMINATE OUR MAP-M PROGRAM IN BOLIVIA
BY END OF FY 77. PANAMA IS A SPECIAL CASE BECAUSE OF
CANAL NEGOTIATIONS. CONSEQUENTLY, DEPARTMENT MADE HARD DE-
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PAGE 02 STATE 040657

CISION TO ALLOCATE BULK OF REMAINING MONIES TO PARAGUAY FOR

SEVERAL REASONS (DIFFICULTY FOR GOP TO SWITCH TO FMS, NATURE OF MAP PROGRAM IN PARAGUAY, ETC). REGRETABLELY, AS MVD 589 NOTES, MAP-M PROGRAM FOR URUGUAY FOR ALL PRACTICAL PURPOSES TERMINATES END OF CURRENT FISCAL YEAR. MAW OCTOBER 14 DECISION (AND THAT OF THE SECRETARY THE PREVIOUS YEAR) HAVE BEEN OVERTAKEN BY PRESIDENT'S APPROVAL OF TOTAL FY 77 MAP-M LEVEL FOR LATIN AMERICA TO BE CONTAINED IN CPD.

PRESIDENT'S DECISION REFLECTS WHITE HOUSE DETERMINATION TO REDUCE FEDERAL SPENDING BY \$28 BILLION.

2. DEPARTMENT IS FULLY AWARE THAT ABRUPT TERMINATION OF MAP-M FOR URUGUAY AND GOU GENERAL SENSITIVENESS TO MAP-M PROGRAM EFFECTIVENESS GIVEN STEADILY DIMINISHING AMOUNTS FOR MAP-M OVER LAST YEARS CREATES PROBLEMS FOR EMBASSY AND GOU. DEPARTMENT AGREES THAT GOU PROBABLY WILL CHANGE ITS FMS CASH AND CREDIT PURCHASE PRIORITIES IN ORDER TO PURCHASE ITEMS WHICH IT WOULD HAVE RECEIVED ON MAP GRANT BASIS IN FY 1977 (HAD THE MAP MATERIEL PROGRAM CONTINUED BEYOND THE END OF FY 1976). EMBASSY MAY INFORM GOU OF PROPOSED LEVELS FOR MAP-M, TRAINING, AND FMS AND OUR CURRENT THINKING ABOUT FMS CREDIT ALONG FOLLOWING LINES: WE WOULD BE PREPARED TO RECEIVE AND CAREFULLY CONSIDER GOU REQUESTS FOR MODEST INCREASES IN FMS CREDIT LEVELS FOR FY 1976 AND FY 1977, ABOVE THE \$2.5 MILLION LEVEL PROGRAMMED FOR THOSE YEARS, BASED UPON SPECIFIC INVESTMENT (NOT CONSUMABLE) PURCHASE REQUIREMENTS. USG ACTION TO INCREASE LEVELS WOULD NOT TAKE PLACE IN EITHER FISCAL YEAR, HOWEVER, UNTIL ENACTMENT OF APPROPRIATIONS SUFFICIENT TO ALLOW USG TO FUND HIGHER FMS CREDIT LEVELS FOR GOU, TAKING INTO ACCOUNT WORLD-WIDE REQUIREMENTS AT THE TIME. AT PRESENT, WE ARE OPTIMISTIC THAT THIS WILL BE POSSIBLE, BUT WE ARE UNABLE TO MAKE COMMITMENTS TO GOU ON SPECIFIC HIGHER FUNDING LEVELS AT THIS TIME. WE WOULD HOPE TO BE ABLE TO AUGMENT GOU FMS CREDIT LEVELS IN THE MANNER IN WHICH THIS WAS DONE IN FY 1975, BUT THE LEVELS TO WHICH WE CAN INCREASE WILL DEPEND LARGELY UPON GOU REQUIREMENTS AND APPROPRIATIONS AVAILABLE TO USG IN BOTH YEARS. INGERSOLL

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